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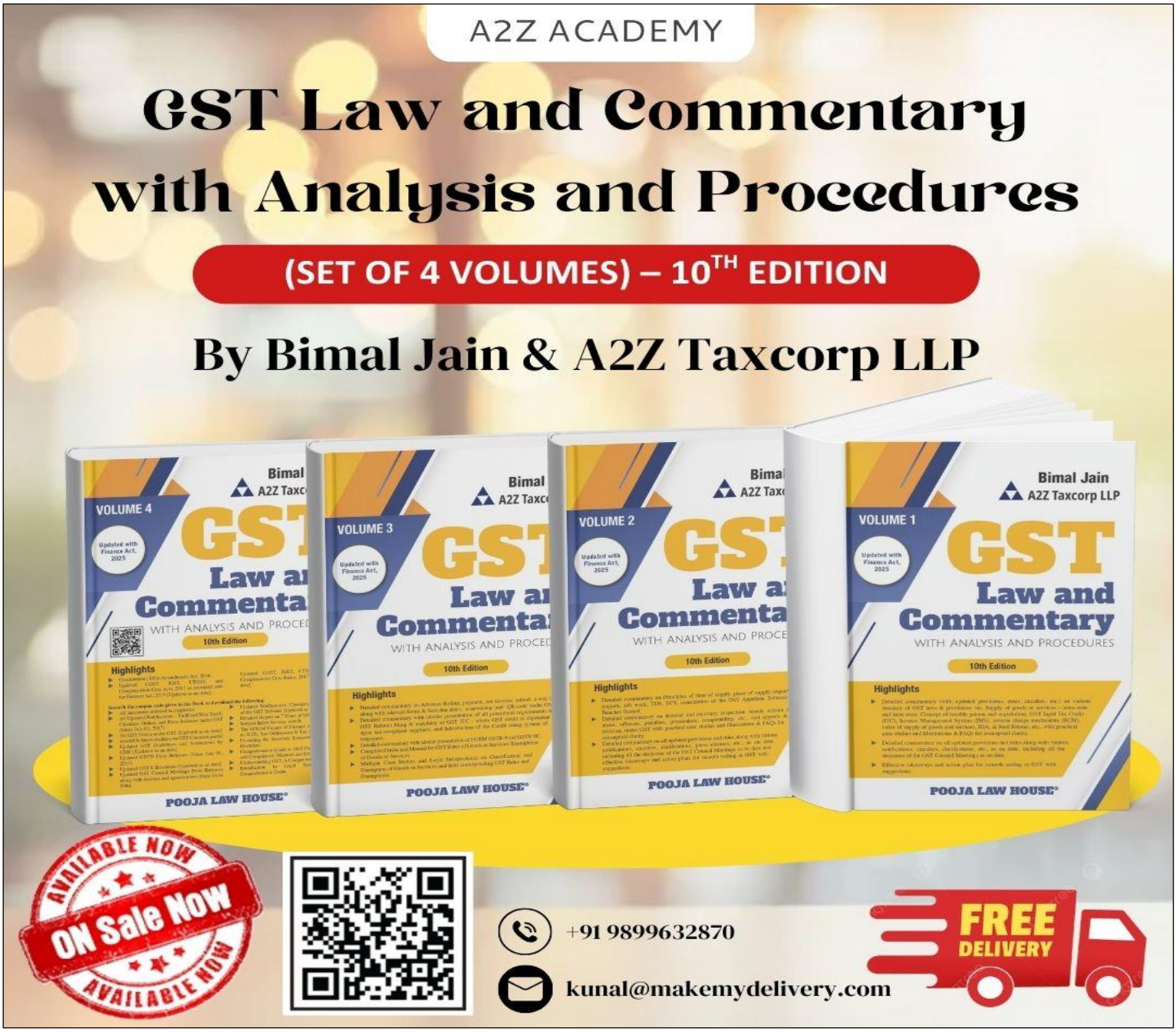
Weekly GST Communique

August 2025 – Week 3



GST Law and Commentary with Analysis and Procedures (Set of 4 Volumes) By Bimal Jain & A2Z Taxcorp LLP – 10th Edition (2025)

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This book titled ***"GST Law and Commentary – with Analysis and Procedures"*** – 10th Edition set of 4 volumes, as the Book comprehensively discusses various domains of GST viz. including supply of goods or services (intra-state and inter-state), composite and mixed supply, composition dealer, taxable person and registration, GST Input Tax Credit (ITC) and Invoice Management System (IMS), reverse charge mechanism (RCM), valuation of supply, JDA and real estates, along with practical case studies, illustrations, and FAQs for conceptual clarity, including the principles of time and place of supply, exports and imports, job work, TDS, TCS, constitution of the GST Appellate Tribunal (GSTAT), demand and recovery, inspection, search, seizure, arrest, prosecution, offences, penalties, compounding, appeals, and revision, along with advance ruling, payment of GST, tax invoice, refund, e-way bills, relevant forms and their due dates, e-invoicing, QR code under GST, the way forward for the GST return system (including sequential filing of GST returns and matching of GST ITC with tabular presentation of Form GSTR-9 and Form GSTR-9C), and a complete guide and manual for GST rates of goods or services and exemptions of goods or services.

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FOR

FINANCIAL YEAR 2025-26

BY A2Z ACADEMY, LED BY CA (ADV) BIMAL JAIN

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GST

Important Judgments, Rulings of the week

Supreme Court's Judgment on Section 6(2)(b) of the CGST Act w.r.t 'Parallel Proceedings', 'Same Subject Matter' and 'Summons'

The Supreme Court of India, in a landmark judgment delivered on August 14, 2025, in the case of ***M/s Armour Security (India) Ltd. v. Commissioner, CGST, Delhi East Commissionerate & Anr. [Special Leave Petition (C) No. 6092 of 2025 dated August 14, 2025]***, has provided crucial clarity on the interpretation of Section 6(2)(b) of the Central Goods and Services Tax Act, 2017 (**"the CGST Act"**). This ruling addresses the persistent ambiguity surrounding the "initiation of proceedings" and "same subject matter" in the context of parallel investigations and/ or proceedings by the Central and State tax authorities. The Court dismissed the Special Leave Petition, upholding the High Court's decision not to interfere with summons issued under Section 70 of the CGST Act.

Case Background (Factual Matrix):

The Petitioner, **M/S ARMOUR SECURITY (INDIA) LTD.**, a public limited company providing security services and registered with Delhi GST authorities, became involved in a dispute concerning tax demands and investigations.

- **Initial Show Cause Notice (SCN):** On **November 18, 2024**, Respondent No. 2 (State GST authority) issued a show cause notice under Section 73 of the CGST Act for the tax period April 2020-March 2021. This SCN demanded **Rs. 1,24,92,162/-** (CGST, SGST, IGST) along with interest and penalty. The grounds included under-declared net tax due to non-reconciliation of turnovers and e-way bill information, as well as an excess claim of Input Tax Credit (ITC).

- **Search and Summons by Central Authority:** Subsequently, on **January 16, 2025**, officers of Respondent No. 1 (Commissioner, CGST, Delhi East Commissionerate) conducted a search at the

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petitioner's premises under Section 67(2) of the CGST Act. Electronic gadgets and documents were seized, and summons under Section 70 of the CGST Act were issued to four company directors, requiring them to produce documents. Another summons was issued on **January 23, 2025**, to a director for document production.

- **Petitioner's Challenge:** On **January 24, 2025**, the petitioner informed Respondent No. 1 that Respondent No. 2 was already investigating the company on similar grounds, including ITC claimed from cancelled suppliers, and requested the release of seized items.

Aggrieved by the summons from Respondent No. 1, the petitioner filed a writ petition before the High Court of Delhi, arguing that Respondent No. 1 lacked jurisdiction due to Respondent No. 2's prior investigation on the same issue, invoking Section 6(2)(b) of the CGST Act.

High Court's Impugned Order:

The High Court of Delhi dismissed the writ petition, refusing to interfere with the summons. The High Court reasoned that:

- The expression **"any proceeding" in Section 6(2)(b) does not include a search or investigation**.
- Summons or investigations following a search are considered **precursors to formal proceedings**, intended primarily to elicit information, unlike assessment proceedings.
- The statute aims to **prevent parallel *assessment* proceedings**, particularly those under Sections 73 and 74 of the CGST Act. At the summons stage, authorities are merely gathering information, and the specific course of action is not yet determined.
- The High Court also distinguished the petitioner's case from *Vivek Narsaria v. State of Jharkhand*, where parallel inquiries required reversal of input tax credit, noting that the search in the present case occurred *subsequent* to the pending proceedings and was not related to prior assessments.

Petitioner's Submissions before the Supreme Court:

The Petitioner, argued that Section 6(2)(b) expressly prohibits parallel proceedings on the same subject matter by State and Central GST authorities. Key arguments included:

- The summons issued by Respondent No. 1 concerning the availability of ITC from cancelled dealers were barred as Respondent No. 2 had already issued an SCN on the same subject.
- The High Court erred in limiting Section 6(2)(b) to proceedings under Sections 73 and 74, arguing that the **statutory bar should apply to summons issued under Section 70**.
- The common GST portal reflects all proceedings, making both authorities aware of ongoing matters.

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- The GST regime is founded on cooperative federalism, requiring one authority to aid proceedings initiated by the other, rather than conducting parallel investigations.
- Reliance was placed on **Circular dated October 5, 2018**, emphasizing harmonious exercise of powers.
- The CGST Act is a **self-contained code**, and Section 6(2)(b) should be interpreted literally, where "any proceedings" implies a broad and inclusive scope.

Supreme Court's Analysis and Key Rulings:

The Supreme Court focused on whether the issuance of summons amounted to "initiation of proceedings" concerning the "same subject matter" under Section 6(2)(b) of the CGST Act.

I. Whether issuance of summons is "initiation of proceedings" under Section 6(2)(b)?

The Supreme Court examined contrary views from various High Courts and affirmed the High Court of Delhi's decision:

- **Definition of "Proceedings":** The Court held that **summons issued under Section 70 of the CGST Act do not constitute "initiation of proceedings"** within the meaning of Section 6(2)(b). Summons are merely a step in an inquiry or investigation to gather information, not the culmination.
- **Distinction between "Inquiry" and "Proceedings":** The Court concurred with the Allahabad High Court (*G.K. Trading v. Union of India*) and the Kerala High Court (*K.T. Saidalavi v. State Tax Officer*) that **"inquiry" under Section 70 is not synonymous with "proceedings"** under Section 6(2)(b). Proceedings under Section 6(2)(b) involve actions related to assessment, demand, and penalty, typically initiated by a **show cause notice**.
- **Show Cause Notice as Commencement of Proceedings:** The Court emphasized that **"initiation of any proceedings" refers to the formal commencement of adjudicatory proceedings through the issuance of a show cause notice (SCN)**. A SCN is a mandatory precondition for raising a demand, sets the law in motion concerning liability, and marks the commencement of quasi-judicial adjudication. Until an SCN is issued, the Department retains the discretion not to initiate proceedings.
- **Search vs. Proceedings:** A search operation under Section 67(2) is distinct from proceedings initiated after an SCN. Even after a discovery during a search, the Department must decide whether to issue an SCN or drop the matter.

II. Whether "subject matter" includes all matters dealt with in summons?

The Court clarified the term "subject matter" under Section 6(2)(b):

- **"Subject matter" is intrinsically tied to the determination of specific tax liability or contravention articulated in a show cause notice**. It refers to the alleged offence or non-compliance, together with the relief or demand sought by the Revenue.

- The bar under Section 6(2)(b) is attracted **only when both proceedings seek to assess or recover an identical or overlapping liability**. If the proceedings concern distinct infractions, the bar is not attracted, even if the tax liability is similar.

- **Twofold Test for "Same Subject Matter":**

    1. An authority has already proceeded on an **identical liability of tax or alleged offence** by the assessee on the **same facts**.

    2. The **demand or relief sought is identical**.

- In the present case, the **summons alone could not reveal the subject matter**; it could only be ascertained from the SCN.

III. Purport of an "Order" under Section 6(2)(a) of the CGST Act

Section 6(2)(a) mandates that if a proper officer issues an order under the CGST Act, they must also issue a corresponding order under the SGST or UTGST Act, with intimation to the jurisdictional officer. This provision aims to:

- Insulate taxpayers from multiple authorities for the same subject matter.

- Enable officers to render a comprehensive order, avoiding multiplicity of proceedings.

- Ensure that any action by the Department is duly apprised to the jurisdictional counterpart.

Framework of Single Interface and Cross-Empowerment:

The GST regime balances two concepts:

- **Single Interface:** Taxpayers should not be subjected to dual administrative control, with one tax administration exercising exclusive control over all aspects of GST compliance (CGST, SGST, IGST).

- **Cross-Empowerment:** Both Central and State tax administrations are empowered to undertake intelligence-based enforcement actions across the entire value chain, irrespective of administrative assignment.

The **Circular dated October 5, 2018**, clarifies that the authority initiating intelligence-based enforcement action is empowered to complete the entire process, including investigation, SCN issuance, adjudication, and recovery. This circular's intent is to prevent a bar on enforcement action by one authority against a taxpayer assigned to another.

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Supreme Court's Conclusion and Guidelines:

The Supreme Court summarized its findings and issued vital guidelines to ensure harmonious operation of the GST framework:

Key Conclusions:

- Section 6(2)(b) bars the "initiation of any proceedings" on the "same subject matter".
- **Audit/scrutiny-based actions** belong to the assigned tax administration.
- **Intelligence-based enforcement actions** can be initiated by either Central or State tax administrations.
- Parallel proceedings should not be initiated by another tax administration once one has initiated intelligence-based enforcement action.
- Actions for **probing an inquiry or gathering evidence/information do not constitute "proceedings"** under Section 6(2)(b).
- **"Initiation of any proceedings" refers to the formal commencement of adjudicatory proceedings via a show cause notice**, not summons, search, or seizure.
- **"Subject matter" refers to any tax liability, deficiency, or obligation arising from a particular contravention**.
- The bar is attracted where **two proceedings seek to assess or recover an identical or partially overlapping tax liability**.
- Distinct infractions, even with similar tax liability, do not constitute the "same subject matter".
- The **twofold test** for "same subject matter" involves identical liability/offence on same facts, and identical demand/relief sought.

Guidelines for Authorities and Taxpayers:

- **Compliance with Summons:** An assessee **must comply** with summons, as their mere issuance does not indicate initiation of proceedings.
- **Assessee's Obligation to Inform:** If an assessee is aware of an overlap in inquiry/investigation by different authorities, they **must forthwith inform the authority that initiated the subsequent action in writing**.
- **Inter-Authority Communication:** Upon receiving such intimation, tax authorities **shall communicate with each other** to verify the claim and avoid duplication.

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- **Intimation of Distinct Subject Matters:** If the overlap claim is untenable, an intimation with reasons and distinct subject matters shall be conveyed to the taxpayer.
- **Quashing Overlapping SCNs:** Any show cause notice for a liability already covered by an existing SCN shall be quashed.
- **Decision on Continuing Inquiry:** If authorities find an overlap, they **shall decide inter-se which authority will continue** the inquiry/investigation, with the other forwarding all relevant material. The taxpayer cannot choose which authority proceeds.
- **First to Initiate Rule:** If authorities cannot agree, the **authority that first initiated the inquiry/investigation shall continue**, and courts may transfer the matter to that authority.
- **Writ Petition as Recourse:** If guidelines are not complied with, the taxpayer may file a writ petition under Article 226 of the Constitution.
- **Taxpayer Cooperation:** Taxable persons must ensure **complete cooperation** with authorities.

Suggestions for Seamless Data Sharing:

The Supreme Court also urged the DGGI to consider developing a **robust mechanism for seamless data and intelligence sharing** between Central and State authorities. This includes providing **real-time visibility** of actions taken pursuant to intelligence inputs, fostering harmony and cooperative federalism, and mitigating taxpayer hardship due to overlapping proceedings.

This judgment provides much-needed clarity, streamlining the investigative and adjudicatory processes under the GST regime and reinforcing the principle of preventing undue harassment to taxpayers from multiple authorities.

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No Demand can be raised for excess stock during search under Section 130 of the CGST Act

The Hon'ble Allahabad High Court in ***J.T. Steel Traders v. State of U.P. and 2 Others [WRIT TAX No. 1154 of 2022 dated July 28, 2025]*** held that proceedings under section 130 of the GST Act cannot be initiated solely on the basis of finding excess stock during survey; instead, proceedings under sections 73 or 74 should be adopted.

Facts:

J.T. Steel Traders **("the Petitioner")** is a registered company engaged in the business of sale and purchase of steel coils and other steel items. On August 8, 2019, the Respondent No. 3 conducted a survey at the Petitioner's business premises, assessing stock on the basis of eye measurement and alleging excess stock.

The Petitioner contended that actual weighment was not done and that proceedings under Section 130 of the GST Act were not maintainable in such circumstances; instead, sections 73 or 74 ought to have been invoked.

The Respondent contended that the impugned orders were valid and defended the initiation of proceedings under section 130.

Aggrieved by the orders dated January 9, 2020 (Deputy Commissioner) and May 31, 2022 (Additional Commissioner), the Petitioner approached the Court by way of writ petition.

Issue:

Whether proceedings under section 130 of the GST Act can be initiated solely on the basis of excess stock found during a survey?

Held:

The Hon'ble Allahabad High Court in ***WRIT TAX No. 1154 of 2022*** held as under:

- Observed that, it is undisputed that a survey was conducted on August 8, 2019 and excess stock was found, triggering the present proceedings.
- Noted that, consistent judicial view holds that if excess stock is found, proceedings under Sections 73/74 of the GST Act should be invoked, and not Section 130.
- Noted that, ***M/s Shree Om Steels Vs. Additional Commissioner Grade-2 and Another [Writ Tax No. 1007 of 2022*]** wherein the Supreme Court held that proper officers are to determine tax liability under Section 35(6) by following procedures under Section 73 or 74.
- Cited ***M/s Maa Mahamaya Alloys Pvt. Ltd. vs State Of U.P. And 3 Others[2023 (3) TMI 1358 - HC – GST]*** wherein the Allahabad High Court clarified that Section 130 is not meant for assessment or determination of tax/penalty and such determination must follow Section 73 or 74.
- Found that, clauses (ii) and (iv) of Section 130(1) were not applicable as the liability to pay tax arises at the time of supply, and there was no allegation of contravention coupled with intent to evade tax.
- Held that, the impugned orders dated January 9, 2020 and May 31, 2022 were unsustainable and thus quashed.

Our Comments:

This decision reiterates the consistent judicial stance, affirmed by this court in ***M/s Vijay Trading Company v. Additional Commissioner, Grade - 2 & Another [Writ Tax No. 1278 of 2024]*** that Section 130 of the GST Act is not a substitute for the adjudicatory framework under Sections 73 and 74. It was clarified that confiscation

provisions under Section 130 are penal in nature and cannot be invoked merely for excess stock without establishing statutory ingredients, particularly "intent to evade tax." This ruling reinforces the procedural safeguard that tax determination and penalty imposition must be undertaken strictly under the provisions meant for adjudication, thereby preventing the misuse of confiscatory provisions.

Watch Our video on **"SC: Confirms HC order quashing confiscation for mere excess stock detected during survey"** at: https://www.youtube.com/shorts/1R0Z_DyavwU

Relevant Provisions:

Section 73 of the CGST Act

"73. Determination of tax pertaining to the period up to Financial Year 2023-24 not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised for any reason other than fraud or any willful-misstatement or suppression of facts.-

(1) Where it appears to the proper officer that any tax has not been paid or short paid or erroneously refunded, or where input tax credit has been wrongly availed or utilised for any reason, other than the reason of fraud or any wilful-misstatement or suppression of facts to evade tax, he shall serve notice on the person chargeable with tax which has not been so paid or which has been so short paid or to whom the refund has erroneously been made, or who has wrongly availed or utilised input tax credit, requiring him to show cause as to why he should not pay the amount specified in the notice along with interest payable thereon under section 50 and a penalty leviable under the provisions of this Act or the rules made thereunder.

(2) The proper officer shall issue the notice under sub-section (1) at least three months prior to the time limit specified in sub-section (10) for issuance of order.

(3) Where a notice has been issued for any period under sub-section (1), the proper officer may serve a statement, containing the details of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised for such periods other than those covered under sub-section (1), on the person chargeable with tax.

(4) The service of such statement shall be deemed to be service of notice on such person under sub-section (1), subject to the condition that the grounds relied upon for such tax periods other than those covered under sub-section (1) are the same as are mentioned in the earlier notice."

Section 74 of the CGST Act 2017

"74. Determination of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised by reason of fraud or any willful- misstatement or suppression of facts.-

(1) Where it appears to the proper officer that any tax has not been paid or short paid or erroneously refunded or where input tax credit has been wrongly availed or utilised by reason of fraud, or any wilful-misstatement or suppression of facts to evade tax, he shall serve notice on the person chargeable with tax which has not

been so paid or which has been so short paid or to whom the refund has erroneously been made, or who has wrongly availed or utilised input tax credit, requiring him to show cause as to why he should not pay the amount specified in the notice along with interest payable thereon under section 50 and a penalty equivalent to the tax specified in the notice.

(2) The proper officer shall issue the notice under sub-section (1) at least six months prior to the time limit specified in sub-section (10) for issuance of order.

(3) Where a notice has been issued for any period under sub-section (1), the proper officer may serve a statement, containing the details of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised for such periods other than those covered under sub-section (1), on the person chargeable with tax.

(4) The service of statement under sub-section (3) shall be deemed to be service of notice under sub-section (1) of section 73, subject to the condition that the grounds relied upon in the said statement, except the ground of fraud, or any wilful-misstatement or suppression of facts to evade tax, for periods other than those covered under subsection (1) are the same as are mentioned in the earlier notice."

Section 130 of the GST Act, 2017

"130. Confiscation of goods or conveyances and levy of penalty.-

(1) Where any person-

(i) supplies or receives any goods in contravention of any of the provisions of this Act or the rules made thereunder with intent to evade payment of tax; or

(ii) does not account for any goods on which he is liable to pay tax under this Act; or

(iii) supplies any goods liable to tax under this Act without having applied for registration; or

(iv) contravenes any of the provisions of this Act or the rules made thereunder with intent to evade payment of tax; or

(v) uses any conveyance as a means of transport for carriage of goods in contravention of the provisions of this Act or the rules made thereunder unless the owner of the conveyance proves that it was so used without the knowledge or connivance of the owner himself, his agent, if any, and the person in charge of the conveyance, then, all such goods or conveyances shall be liable to confiscation and the person shall be liable to penalty under section 122…"

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Order passed one day late beyond its limitation period is void by limitation under the GST Law

The Hon'ble Telangana High Court in the case of ***Lakshmi Bhanu Steel Traders v. The Assistant Commissioner & Others [Writ Petition No. 16297 of 2025 dated June 25, 2025]*** held that an order passed beyond the statutory period of limitation is unsustainable and liable to be set aside.

Facts:

Lakshmi Bhanu Steel Traders **("the Petitioner")** filed a writ petition under Article 226 of the Constitution of India challenging the order dated May 01, 2024, the summary order in Form GST DRC-07 dated May 01, 2024, and related proceedings for the tax period 2018-19 under Section 73 of the CGST Act. The Petitioner contended that the impugned order was passed after the limitation period, which expired on April 30, 2024. It was also alleged that the proceedings were vitiated for want of physical or digital signatures, for issuing the summary show cause notice in Form GST DRC-01 on April 20, 2024 without granting at least three months' time under section 73(2) of the CGST/SGST Act, and for not issuing Form GST DRC-01A as required under rule 142(1A). The Petitioner further sought setting aside of garnishee proceedings initiated through Form GST DRC-13 dated March 15, 2025, citing hardship.

The Respondents defended the action but during the hearing agreed that the impugned order dated May 01, 2024 was beyond the prescribed limitation period.

The Petitioner, relying on the decision in *WP No. 10895 of 2025 dated June 12, 2025*, sought quashing of the order and consequential reliefs.

Issue:

Whether an order passed beyond the statutory period of limitation under the CGST/ SGST Act is sustainable in law?

Held:

The Hon'ble Telangana High Court in ***Writ Petition No. 16297 of 2025*** held as under:

- Noted that, the impugned final order was passed on May 1, 2024, whereas under the applicable limitation provisions of section 73(10) of the CGST/ SGST Act, the last permissible date for passing the order for the tax period 2018–19 was April 30, 2024.
- Noted that, this meant the order was issued one day after the statutory deadline, rendering it time-barred.
- Directed that, the final order dated May 1, 2024 be set aside and that any consequential bank attachment, if existing, stands revoked. Allowed the writ petition accordingly.

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Our Comments:

In the case of ***Rinkumoni Bordoloi v. Union of India [WP(C) No. 3283 of 2024]*** the Gauhati High Court quashed an order passed under Section 73(9) of the CGST/SGST Act on the ground that it was issued after the expiry of the three-year limitation period prescribed under Section 73(10). The Court held that the order was without jurisdiction and therefore liable to be set aside. This squarely supports the position that any order under Section 73(9) passed even a single day after the limitation date is void, unless a valid extension notification is in force.

Relevant Provisions:

Rule 142(1A), the CGST Rules, 2017

"Rule 142. Notice and order for demand of amounts payable under the Act. –

(1A) The proper officer may, before service of Notice to the person chargeable with tax, interest and penalty, under sub-section (1) of Section 73 or sub-section (1) of Section 74 or sub-section (1) of section 74, as the case may be, communicate the details of any tax, interest and penalty as ascertained by the said officer, in Part A of FORM GST DRC-01A;

(2) Where, before the service of Notice or statement, the person chargeable with tax makes payment of the tax and interest in accordance with the provisions of sub-section (5) of section 73 or clause (i) of sub-section (8) of section 74A, as the case may be, or tax, interest and penalty in accordance with the provisions of subsection (5) of section 74 or clause (i) of sub-section (9) of section 74A, or where any person makes payment of tax, interest, penalty or any other amount due in accordance with the provisions of the Act whether on his own ascertainment or, as communicated by the proper officer under sub-rule (1A), he shall inform the proper officer of such payment in FORM GST DRC-03 and an acknowledgement, in FORM GST DRC–04 shall be made available to the person through the common portal electronically."

Section 73(10) of the CGST Act, 2017

"Section 73. Determination of tax , pertaining to the period up to Financial Year 2023-24, not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised for any reason other than fraud or any willful-misstatement or suppression of facts.-

(10) The proper officer shall issue the order under sub-section (9) within three years from the due date for furnishing of annual return for the financial year to which the tax not paid or short paid or input tax credit wrongly availed or utilised relates to or within three years from the date of erroneous refund."

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Refund is warranted when perishable goods perished due to departmental obstruction, and compensation of Rs. 50 Lakhs to be paid by erring officer

The Hon'ble Punjab and Haryana High Court in ***M/s Prenda Creations Private v. Union of India and Ors [CWP No. 9301 of 2023 dated April 04, 2025]*** held that the respondents wrongfully and illegally withheld perishable food items, namely Kiwi fruit, despite repeated directions for release, causing the goods to deteriorate and become unfit for consumption, and directed refund of customs duty along with interest and awarded compensation to be recovered from the erring officers.

Facts:

M/s Prenda Creations Private **("the Petitioner")**, an importer of food items, imported a consignment of Kiwi fruit in four refrigerated containers from its foreign supplier, R.A. Logistics & Distribution LLC, Dubai, UAE, for delivery at ICD GRFL, Ludhiana.

Union of India & Ors **("the Respondent")**, including Customs officials and the shipping company, refused to permit the Petitioner to file a manual bill of entry under Section 46 of the Customs Act, 1962 **("the Customs Act"),** and failed to amend the Import General Manifest (IGM) to reflect Ludhiana as the final place of delivery, despite the Bill of Lading specifying the same.

The Petitioner contended that the goods were perishable with limited shelf life, accompanied by complete export documentation, and that the failure to amend the IGM and permit manual bill of entry resulted in delay, causing the goods to rot. The Petitioner argued that under Section 30(3) of the Act, the Proper Officer was empowered to amend the IGM.

The Respondent contended that amendment to the IGM could only be made at the request of the shipping line as per the Circular dated April 11, 2017, and that doubts existed regarding the origin of the Kiwi fruit, which they suspected to be from Iran instead of Chile as declared.

Aggrieved by the Respondent's inaction, shifting of goods to Saurashtra Freight Pvt. Ltd. without rail connectivity, non-compliance with Court orders, and prolonged detention despite clearances from FSSAI and

Plant Quarantine Department, the Petitioner approached the Court by way of a writ petition under Article 226 of the Constitution of India, seeking directions for release of goods and compensation for loss.

Issue:

Whether the Respondents acted illegally in withholding and delaying the release of perishable goods despite amendment of the Import General Manifest under Section 30(3) of the Customs Act, 1962 was permissible?

Held:

The Hon'ble Punjab and Haryana High Court in ***CWP No. 9301 of 2023*** held as under:

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- Observed that, the Petitioner's clearly mentioned ICD GRFL Ludhiana as the final place of delivery, yet the IGM was wrongly filed at Mundra Port, contrary to Section 30 of the Customs Act, 1962.

- Noted that, under Section 30(3), the Proper Officer could have amended the IGM upon satisfaction that no fraudulent intention existed, but the Respondents wrongly relied solely on the CBIC Circular dated April 11, 2017 to deny amendment.

- Observed that, despite interim orders passed by the court permitting transfer and manual bill of entry, the Respondents and the shipping line delayed compliance, even shifting goods to a terminal without rail connectivity.

- Noted that, NOC from FSSAI and Plant Quarantine Department confirming the goods were fit for human consumption was ignored by the Respondents, and further detention was caused on the pretext of verifying the country of origin.

- Held that, due to delay of more than three months, the entire 89,420 kg consignment was rendered unfit for consumption, as per inspection and certificate placed on record.

- Further directed that, Customs duty paid on the Kiwi fruit be refunded along with interest at 6% p.a, and Compensation of ₹50 lakhs be paid to the Petitioner, recoverable from the erring officers; and that the Authorities must formulate policy ensuring coordinated action by testing labs, shipping companies, and Customs to avoid such delays in perishable imports.

Our Comments:

This case underscores the statutory obligation under Section 30(3) of the Customs Act, 1962 for the Proper Officer to permit amendment of the IGM when no fraudulent intent is evident. The Court found that reliance solely on CBIC Circular dated April 11, 2017, which prescribes amendment only at the behest of the shipping line, was misplaced where statutory powers under Section 30(3) could override procedural limitations in a circular.

In the case of ***Rajesh Arora v. Collector of Customs [1998 (101) ELT 246 (Del.)]***, the Hon'ble Delhi High Court held that where the Customs Department had effective control and custody over the goods, even if physically placed at a third party's premises, the same amounted to "seizure" under Section 110 of the Customs Act, particularly when the importer was deprived of possession and use, as evidenced by the surrender of keys and undertaking not to use the goods without departmental permission. The present case is similar insofar as the goods, though not physically in the Customs warehouse, were under the control and custody of the respondents due to their own procedural delays and non-compliance with Court orders, ultimately causing the perishable goods to deteriorate.

However, unlike in the case of *Rajesh Arora*, where the relief centred around unlawful detention, here the core issue concerns refund of duty for goods rendered unfit for consumption. Also in this case the court held that, Section 26A(3) of the Act does not apply because the loss did not arise from the importer's voluntary abandonment, destruction, or export of goods within the prescribed time; rather, it resulted from the

respondents' own acts in obstructing release despite judicial directions. To interpret Section 26A(3) rigidly in such circumstances would permit the Customs Department to unjustly enrich itself at the cost of a bona fide importer, contrary to the equitable principles that should govern refund in cases of departmental fault.

Relevant Provisions:

Section 30(3), Customs Act, 1962

*"**30. Delivery of arrival manifest or import manifest or import report:-***

If the proper officer is satisfied that the Import Manifest or Import Report is in any way incorrect or incomplete, and there was no fraudulent intention, he may permit it to be amended or supplemented."

Section 46, Customs Act, 1962

*"**46. Entry of goods on importation.***

(1) The importer of any goods, other than goods intended for transit or transhipment, shall make entry thereof by presenting electronically on the customs automated system to the proper officer a bill of entry for home consumption or warehousing in such form and manner as may be prescribed:

Provided that the Principal Commissioner of Customs or Commissioner of Customs may, in cases where it is not feasible to make entry by presenting electronically on the customs automated system, allow an entry to be presented in any other manner:

Provided further that if the importer makes and subscribes to a declaration before the proper officer, to the effect that he is unable for want of full information to furnish all the particulars of the goods required under this sub-section, the proper officer may, pending the production of such information, permit him, previous to the entry thereof

(a) to examine the goods in the presence of an officer of customs, or

(b) to deposit the goods in a public warehouse appointed under section 57 without warehousing the same…."

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Penalty Order quashed where order passed on same day as of SCN without affording time to reply

The Hon'ble Gujarat High Court in ***Tractors and Farm Equipment Ltd. & Anr v. Union of India & Ors [R/Special Civil Application No. 22073 of 2019 dated July 03, 2025]*** held that a penalty order passed under Section 129(3) of the GST Act on the same day as issuance of the show cause notice, without granting adequate time to respond, is liable to be quashed for flagrant breach of principles of natural justice.

Facts:

Tractors and Farm Equipment Ltd. (**"the Petitioner"**) is engaged in the business of manufacturing and sale of tractors, with its head office in Tamil Nadu. In the course of business, the Petitioner supplied two tractors from its depot in Gujarat to a customer in Bhavnagar after generating tax invoices in its SAP system and an e-way bill with Part A only. The Petitioner instructed its transporter to generate Part B of the e-way bill, but the transporter faced technical glitches and could not do so before movement commenced on October 3, 2018 at night.

The Revenue - Union of India and others (**"the Respondent"**) intercepted the goods in the early hours of October 4, 2018 for physical verification, citing absence of Part B of the e-way bill. Following the procedure under Rule 138 of the GST Rules, the Respondent issued GST MOV-1, MOV-2, and MOV-4, then a detention order in MOV-6, and a show cause notice in MOV-7, all on the same day, and passed an ex-parte order in MOV-9 demanding tax and penalty under Section 129(1).

The Petitioner, in urgency to secure release, paid the tax and penalty on October 6, 2018 and obtained release under MOV-5. An appeal before the First Appellate Authority was dismissed on August 2, 2019, holding that a complete e-way bill was mandatory and absence of Part B attracted Section 129(1). The Petitioner contended before this Court that the orders in MOV-6 and MOV-9 were passed on the same day as the MOV-7 notice without granting any opportunity of hearing, despite the absence of mala fide intent to evade tax.

The Respondent contended that the Petitioner had the option to secure release under Section 129(1) after detention, but did not avail it, and that penalty under Section 129(3) was lawfully imposed. Thus, the Petitioner approached the High Court under Article 227 challenging the levy of penalty on grounds of breach of natural justice.

Issue:

Whether passing a penalty order under Section 129(3) of the GST Act on the same day as issuance of the show cause notice, without affording reasonable time to reply, violates principles of natural justice?

Held:

The Hon'ble Gujarat High Court in ***R/Special Civil Application No. 22073 of 2019*** held as under:

- Observed that, interception of goods took place on October 04, 2018, and the impugned order under Section 129(3) was also passed on the same day.
- Noted that, Section 129 provides a time limit of seven days for passing the penalty order, yet the authorities adopted a harsh approach by requiring reply to the show cause notice on the same day and recording failure to respond.
- Held that, the impugned order was passed in breach of the principles of natural justice, rendering it unsustainable in law.

- Further noted that, although ordinarily the matter could have been remanded for fresh consideration, in the facts of this case, where the First Appellate Authority also failed to consider breach of natural justice, the Court directly quashed the penalty order.

- Directed that the levy of penalty be quashed and set aside; all other contentions of the Petitioner were kept open for appropriate cases.

Our Comments:

The approach adopted by the Gujarat High Court in the present case aligns with its earlier decision in ***Landmark Cars Pvt. Ltd. v. Union of India [R/Special Civil Application No. 1487 of 2020, order dated June 14, 2024],*** where the Court set aside an order of detention and penalty in Form GST MOV-09 as being without jurisdiction in the absence of any finding of intent to evade tax. In that case, the mismatch between the vehicle number mentioned in the e-way bill and the actual vehicle was treated as a minor procedural lapse falling within the ambit of para 5 of CBIC Circular No. 64/38/2018 dated September 14, 2018, warranting only a nominal penalty under Section 125 of the CGST Act.

In the instant case, although the facts pertained to non-filing of Part B of the e-way bill due to technical glitches, the Court similarly held that the order passed under Section 129(3) on the same day as the interception, without affording reasonable opportunity of hearing, was in flagrant breach of the principles of natural justice and therefore unsustainable. Both rulings reaffirm that procedural lapses without mala fide intent cannot justify harsh penal action, and that adherence to principles of natural justice remains paramount.

Relevant Provisions:

Section 129(3), CGST Act, 2017

Section 129. Detention, seizure and release of goods and conveyances in transit.

"(3) The proper officer detaining or seizing goods or conveyance shall issue a notice within seven days of such detention or seizure, specifying the penalty payable, and thereafter, pass an order within a period of seven days from the date of service of such notice, for payment of penalty under clause (a) or clause (b) of sub-section (1).

(4) No penalty shall be determined under sub-section (3) without giving the person concerned an opportunity of being heard."

CBIC's Circular No. 64/38/2018-GST dated September 14, 2018:

"Para 4. *Whereas, section 129 of the CGST Act provides for detention and seizure of goods and conveyances and their release on the payment of requisite tax and penalty in cases where such goods are transported in contravention of the provisions of the CGST Act or the rules made thereunder. It has been informed that proceedings under section 129 of the CGST Act are being initiated for every mistake in the documents*

mentioned in para 3 above. It is clarified that in case a consignment of goods is accompanied by an invoice or any other specified document and not an e-way bill, proceedings under section 129 of the CGST Act may be initiated."

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Issuance of SCN in undue haste, without reasonable time to respond to audit queries and DRC-01A intimation, violates principles of natural justice

The Hon'ble Gujarat High Court in ***Sai Consulting Engineers Private Limited v. Union of India & Ors. [R/Special Civil Application No. 7865 of 2025 dated July 11, 2025]*** held that issuance of a show-cause notice in undue haste, without granting reasonable time for compliance with audit queries and intimation in Form DRC-01A, warrants interference.

Facts:

Sai Consulting Engineers Private Limited (**"the Petitioner"**) is engaged in providing consultancy services. The Union of India & Ors. (**"the Respondent"**) initiated audit proceedings against the Petitioner and issued a query memo on July 25, 2024, granting only one day to respond, i.e., up to 26.07.2024. Thereafter, Form DRC-01A was issued on July 31, 2024 with compliance time till 01.08.2024.

The Petitioner requested an extension through a letter dated August 1, 2024, but no reply was given. Instead, the Respondent issued a show-cause notice in Form DRC-01 on August 3, 2024, allegedly to save limitation for FY 2017-18. This culminated in an Order-in-Original dated January 25, 2025 raising substantial demand. The Respondent did not grant any additional time despite the Petitioner's request and proceeded with adjudication.

The Petitioner challenged the SCN and order under Article 226, contending that the hasty action violated principles of natural justice.

Issue:

Whether issuance of a show-cause notice in undue haste, without reasonable opportunity to respond to audit queries and DRC-01A intimation, is sustainable under GST law?

Held:

The Hon'ble Gujarat High Court in ***R/Special Civil Application No. 7865 of 2025*** held as under:

- Observed that the timeframes provided, i.e. one day for audit queries and one day for DRC-01A compliance, were manifestly inadequate for meaningful reply.

- Noted that, the Petitioner had promptly requested an extension through a written letter dated August 1, 2024, but the Respondent issued SCN on August 03, 2024 without considering the request.

- Noted that, such action appeared premeditated to meet limitation deadlines for FY 2017-18, compromising the fairness of proceedings.

- Held that prima facie, the process adopted amounted to denial of reasonable opportunity, constituting breach of principles of natural justice.

- Directed that, as an ad-interim relief, and that no coercive action shall be taken against the Petitioner during the pendency of the petition.

Our Comments:

The Court's prima facie view aligns with settled jurisprudence that unreasonable timelines for compliance vitiate adjudication proceedings. In ***Tinbox Company v. CIT [(2001) 9 SCC 725]***, the Supreme Court held that an order passed without affording adequate opportunity must be set aside regardless of merits.

The Calcutta High Court in ***Commissioner of CGST v. Saumya Agrotech Pvt. Ltd. [2022 (66) GSTL 387 (Cal)]*** and The Delhi High Court in ***Spinclabs Pvt. Ltd. v. Commissioner of DGST [2024 (85) GSTL 264 (Del.)]*** reiterated that SCNs issued in undue haste are unsustainable. The present case is consistent with these principles, reinforcing that limitation deadlines cannot override the statutory and constitutional requirement of fair hearing under Articles 14 and 21.

Relevant Provisions:

"Rule 142, CGST Rules, 2017

Rule 142. Notice and order for demand of amounts payable under the Act. -

(1) The proper officer shall serve, along with the

(a) Notice issued under section 52 or section 73 or section 74 10[or section 74A or section 76 or section 122 or section 123 or section 124 or section 125 or section 127 or section 129 or section 130, a summary thereof electronically in FORM GST DRC-01 ,

(b) statement under sub-section (3) of section 73 or sub-section (3) of section 74 10[or sub-section (3) of section 74A, a summary thereof electronically in FORM GST DRC-02 , specifying therein the details of the amount payable.

(1A) The proper officer may, before service of Notice to the person chargeable with tax, interest and penalty, under sub-section (1) of Section 73 or sub-section (1) of Section 74 or sub-section (1) of section 74A, as the case

may be, communicate the details of any tax, interest and penalty as ascertained by the said officer, in Part A of FORM GST DRC-01A.; ….”

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Delhi High Court Imposes ₹50K Cost on Trader for Missing Personal Hearing, Citing Failure to Check GST Portal

The Delhi High Court has declined to interfere with a GST demand raised against a sole proprietor accused of fraudulently availing inadmissible Input Tax Credit (ITC) worth ₹50.33 crore.

A division bench of Justices Prathiba M. Singh and Renu Bhatnagar noted that the petitioner neither appeared for the personal hearing nor filed any reply to the notices issued. The trader contended that he was not a frequent visitor to the GST portal, and thus could not respond.

Rejecting this argument, the court observed:

“It is a matter of practice of the GST Department that the notices for personal hearing and replies are uploaded on the GST Portal. The Petitioner was well aware of the investigation… such callous conduct… cannot be condoned.”

According to the investigation, the petitioner allegedly operated in collusion with two others engaged in issuing invoices without actual supply of goods. The court noted that some noticees in the matter had attended the hearing, but the petitioner failed to participate at all.

Dismissing the plea, the bench imposed a cost of ₹50,000 to be deposited with the Delhi High Court Bar Association within two weeks.

Delhi HC – *Ganpati Polymers Through It Proprietor Prop. Ankur Jain v. Commissioner Of Central Goods And Service Tax And Another [W.P.(C) 11906/2025]*

GSTAT Principal Bench, New Delhi Delivers First Final Order in Anti-Profiteering Case

The Goods and Services Tax Appellate Tribunal (GSTAT) Principal Bench, New Delhi, has delivered its **first-ever *Final Order No. NAPA/31/PB/2025 dated August 07, 2025*,** in an anti-profiteering matter, upholding a finding that **M/s Urban Essence (Subway franchisee)** profited **₹5,47,005** by not passing on the GST rate reduction benefit on restaurant services from **18% to 5% (effective 15.11.2017)** to consumers.

The Director General of Anti-Profiteering (DGAP) initiated proceedings based on a complaint regarding one product, but expanded the probe to **all 340 products sold** by the respondent, citing Section 171(2) of the CGST

Act and Rule 129(2) of the CGST Rules. The Tribunal affirmed this wider scope, ruling that investigations are not confined to the specific item in a complaint.

Key findings:

- **GST Rate Reduction Benefit Denied** – The respondent increased base prices immediately after the rate cut, neutralising the tax benefit to customers.
- **Burden of Proof Not Discharged** – The respondent failed to provide any cogent evidence that the price hikes were due to genuine cost increases.
- **ITC Claim Rejected** – No invoices/debit notes were produced to support claims under CBIC Press Release No. 62/2018.
- **Legal Principle** – GSTAT reiterated that Section 171's presumption of price reduction is rebuttable but must be countered with clear, verifiable evidence.

Order:

The respondent must deposit **₹5,47,005 plus 18% interest** (from 15.11.2017) into the Consumer Welfare Funds of the Centre and Maharashtra within **3 months**, failing which recovery will follow. No penalty was imposed as the violation period preceded the introduction of Section 171(3A) penalties (from 01.01.2020).

This marks a significant milestone as the **first final anti-profiteering ruling by the GSTAT Principal Bench** since taking over jurisdiction from the erstwhile NAA, reflecting a firm stance on consumer benefit protection under GST.

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Important Notifications, Circulars of the week

Rajasthan's GST Circular regarding verification of Input Tax Credit claims for new registrations, registered after the prescribed time limit under CGST/RGST Act, 2017

The Rajasthan Commercial Taxes Department issued ***Circular No. F.17 (134) ACCT/GST/2017/547 dated August 12, 2025*** regarding verification of Input Tax Credit claims for new registrations, registered after the prescribed time limit under CGST/RGST Act, 2017.

Section 25 of the RGST Act provides for procedure for registration. Sub-section of (1) of Section 25 is reproduced here: –

*"Every person who is liable to be registered under section 22 or section 24 shall apply for registration within **thirty days from the date on which he becomes liable to registration**, in such manner and subject to such conditions as may be prescribed."*

Further, Section 18 of the RGST Act, 2017 provides for availability of credit in special circumstances with certain conditions and restrictions as prescribed by the Government.

Clause (a) of Sub-Section (1) of Section 18 of the said Act is reproduced as under: –

"a person who has applied for registration under this Act within thirty days from the date on which he becomes liable to registration and has been granted such registration shall be entitled to take credit of input tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the day immediately preceding the date from which he becomes liable to pay tax under the provisions of this Act."

The manner of claim of such ITC has been laid down in rule 40 of the Rajasthan Goods and Services Tax Rules, 2017 which provides that: –

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40. Manner of claiming credit in special circumstances.- (1) The input tax credit claimed in accordance with the provisions of sub-section (1) of section 18 on the inputs held in stock or inputs contained in semi-finished or finished goods held in stock, or the credit claimed on capital goods in accordance with the provisions of clauses (c) and (d) of the said sub-section, shall be subject to the following conditions, namely: –

(a) the input tax credit on capital goods, in terms of clauses (c) and (d) of sub-section (1) of section 18, shall be claimed after reducing the tax paid on such capital goods by five percentage points per quarter of a year or part thereof from the date of the invoice or such other documents on which the capital goods were received by the taxable person.

(b) the registered person shall within a period of thirty days from the date of becoming eligible to avail the input tax credit under sub-section (1) of section 18, or within such further period as may be extended by the Commissioner by a notification in this behalf, shall make a declaration, electronically, on the common portal in Form GST ITC-01 to the effect that he is eligible to avail the input tax credit as aforesaid:

Provided that any extension of the time limit notified by the Commissioner of State tax or the Commissioner of Union territory tax shall be deemed to be notified by the Commissioner.

A perusal of the aforesaid legal provisions makes it evident that the benefit of ITC pertaining to the transactions made prior to the date of registration is available only to the persons applying for registration within 30 days of being liable for registration. However, it has been observed that many a times, applications for registration are filed beyond the required period of thirty days. GSTN/CRU has informed that currently, the system applies check of thirty days for filing of ITC-01 from the date of grant of registration. A Para has been raised by Comptroller and Auditor General of India (CAG) in chapter 2 of his Report (Revenue) Year 2018-19, regarding new registration after the prescribed time limit under Goods and Service Tax Act, 2017. Further, it has been objected and asked that in cases where the taxpayers have applied for registration after thirty days from the date on which they were liable for registration, what procedure is adopted to check the veracity of claims of Input Tax Credit (ITC), if any, on pre-registration stock.

Therefore, it is directed that all proper officers shall ensure regular monitoring of all new registrations and in cases, where the taxpayers have applied for registration after thirty days from the date on which they liable to be registered, the concerned officers shall proceed to reject all claims of ITC pertaining to the period prior to the date of application of registration.

All Additional Commissioners (Adm.) of State Tax, shall ensure monitoring and strict compliance of the above.

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Important Press Releases of the week

PM Modi Announces Next-Generation GST Reforms on 79th Independence Day to Drive 'Atmanirbhar Bharat', Focused on Structural Changes, Rate Rationalisation, and Ease of Living for All Sections of Society

The Hon'ble Prime Minister Shri Narendra Modi, on the occasion of 79th Independence Day, highlighted how Goods and Services Tax (GST), implemented in 2017, is a significant reform which has benefited the nation.

The Prime Minister underscored the importance of the next generation of reforms under GST, which brings relief to the common man, farmers, middle class and MSMEs.

To build an 'Atmanirbhar Bharat', the Central Government is proposing significant reforms in GST. It will be focused on 3 pillars, namely:

1. structural reforms
2. rate rationalisation, and
3. ease of living

The Central Government has sent its proposal on GST rate rationalisation and reforms to the Group of Ministers (GoM) constituted by the GST Council to examine this issue.

Key areas identified for next-generation reforms include the rationalisation of tax rates to benefit all sections of society, especially the common man, women, students, middle class, and farmers.

Reforms will also seek to reduce classification-related disputes, correcting inverted duty structures in specific sectors, ensuring greater rate stability, and further enhancing ease of doing business. These measures would strengthen key economic sectors, stimulate economic activity, and enable sectoral expansion.

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Key Pillars of the Centre's Proposed Reforms

Pillar 1: Structural reforms:

1. **Inverted duty structure correction:** The correction of inverted duty structures to align input and output tax rates so that there is a reduction in the accumulation of input tax credit. This would support domestic value addition.
2. **Resolving classification issues:** Resolve classification issues to streamline rate structures, minimise disputes, simplify compliance processes, and ensure greater equity and consistency across sectors.
3. **Stability and Predictability:** Provide long-term clarity on rates and policy direction to build industry confidence and support better business planning.

Pillar 2: Rate Rationalisation:

1. **Reduction of taxes on common-man items and aspirational goods:** This would enhance affordability, boost consumption, and make essential and aspirational goods more accessible to a wider population.
2. **Reduction of slabs**: Essentially move towards *simple tax* with 2 slabs – standard and merit. Special rates only for select few items.
3. **Compensation Cess:** The end of compensation cess has created fiscal space, providing greater flexibility to rationalise and align tax rates within the GST framework for long-term sustainability.

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Pillar 3: Ease of Living:

1. **Registration:** seamless, technology-driven, and time-bound, especially for small businesses and startups.
2. **Return:** Implement pre-filled returns, thus reducing manual intervention and eliminating mismatches.
3. **Refund:** faster and automated processing of refunds for exporters and those with inverted duty structure.

The Centre's proposal, anchored on the above three foundational pillars, has been shared with the GoM for further deliberations within the GoM. The Centre has taken this initiative with the aim of building a constructive, inclusive, and consensus-based dialogue among all stakeholders.

In the true spirit of cooperative federalism, the Centre remains committed to working closely with the States. It will be building a broad-based consensus with the States in the coming weeks, to implement the next generation of reforms as envisioned by Prime Minister Shri Narendra Modi.

The GST Council, when it meets next, will deliberate on the recommendations of GoM, and every effort will be made to facilitate early implementation so that the intended benefits are substantially realised within the current financial year.

The Government reaffirms its commitment to evolving the GST into a simple, stable, and transparent tax system — one that supports #InclusiveGrowth, strengthens formal economy and enhances Ease of Doing Business (EoDB) across the country.

For Press Release Click Here

79th Independence Day; PM Modi Unveils Vision for Developed India by 2047 with Breakthrough Announcements on Semiconductors, Tenfold Nuclear Expansion, GST Reforms, ₹1 Lakh Crore Youth Employment Push, Energy Independence, and National Challenges in Jet Engine Manufacturing

Marking his 12th Independence Day address, Prime Minister Shri Narendra Modi turned the Red Fort into a launchpad for the next chapter of India's rise. On the 79th Independence Day, he made a series of bold announcements that signal a nation ready to leap, not just step, into the future.

From making India's first semiconductor chip to building jet engines, from tenfold nuclear expansion to a ₹1 lakh crore youth employment push, his message was unambiguous: Bharat will define its own destiny, set its own terms, and aim to become a developed nation by 2047.

Major Announcements :

Semiconductors: From Lost Decades to Mission Mode

Recalling how attempts to set up semiconductor factories 50–60 years ago were "killed at birth" while other nations prospered, PM Modi announced that India is now on mission mode. By the end of this year, the nation will roll out its first Made in India chip.

Nuclear Energy Capacity to Grow Tenfold by 2047

Work is underway on 10 new nuclear reactors as part of India's mission to increase nuclear power generation capacity by over ten times in the next two decades.

GST Reforms – A Diwali Gift

Next-generation GST reforms will be unveiled on Diwali, reducing taxes on essential goods and providing relief to MSMEs, local vendors, and consumers.

Reform Task Force for a $10 Trillion Bharat

PM Modi announced the creation of a dedicated Reform Task Force to drive next-generation reforms. Its mandate: accelerate economic growth, cut red tape, modernise governance, and prepare Bharat for the demands of a $10 trillion economy by 2047.

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₹1 Lakh Crore PM Viksit Bharat Rozgar Yojana

PM Modi launched a major employment scheme worth ₹1 lakh crore, under which newly employed youth will receive ₹15,000 per month. The scheme aims to benefit 3 crore young Indians, strengthening the bridge from *Swatantra Bharat* to *Samriddha Bharat*.

High-Powered Demography Mission

PM Modi highlighted the dangers of demographic imbalance due to infiltration and illegal migration in border areas. He announced the launch of a *High-Powered Demography Mission* to address this national security challenge, ensuring the unity, integrity, and rights of India's citizens are safeguarded.

Energy Independence – Samudra Manthan Begins

PM Modi pointed out that a large share of India's budget still goes toward importing petrol, diesel, and gas. He announced the launch of the National Deepwater Exploration Mission to tap ocean resources, alongside major expansions in solar, hydrogen, hydro and nuclear power.

Made in India Jet Engines – A National Challenge

PM Modi made a dramatic announcement that just like how we made vaccines during COVID, and UPI for digital payments, we should build our own jet engines too for our jet engines and asked our scientists and youth to take it up as a direct challenge.

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79th Independence Day; PM Modi unveils Bold Governance Overhaul with 40,000+ Compliance Cuts, Outdated Law Repeals, Zero Tax up to ₹12 Lakh, Next-Generation GST Reforms, and a Dedicated Task Force to Build a Modern, Citizen-Centric Viksit Bharat

On the 79th Independence Day, PM Modi addressed the nation, highlighting India's journey of self-reliance and transformation. He said that over the past decade, India has been **reforming, performing, and transforming**, but now the time has come to move forward with even greater strength. He emphasized that the government is committed to creating a modern, efficient, and citizen-friendly ecosystem, where **laws, regulations, and processes** are simplified, entrepreneurship is encouraged, and every Indian can contribute to building a **Viksit Bharat**.

Simplifying Laws and Compliance

At the outset of his address, PM Modi said that over the past years, the government has undertaken a **historic wave of reforms**, abolishing over **40,000 unnecessary compliances** and repealing more than **1,500 outdated laws**. Dozens of other laws were simplified in Parliament, always keeping **citizens' interests at the forefront**.

In the recent session alone, **over 280 provisions** were removed, making governance simpler and more accessible for every Indian. PM Modi emphasized that reform is not just about economics, it is about **transforming the everyday lives of citizens**.

Among the key achievements, he highlighted:

- **Income Tax Reform and Faceless Assessment**, making the system transparent and efficient
- **Zero tax for annual income up to ₹12 lakh**, a benefit that many could not have imagined even a few years ago
- Replacement of outdated criminal laws with the **Indian Justice Code**, simplifying justice and legal procedures

These reforms signal **a modern, citizen-centric government** where ordinary people can experience ease, fairness, and empowerment. PM Modi underscored that India is committed to **structural, regulatory, policy, process, and procedural reforms**, building a nation where governance works for the people, not the other way around.

Empowering Entrepreneurs and MSMEs

The government's reforms aim to **reduce compliance costs** for startups, MSMEs, and entrepreneurs, while ensuring freedom from the fear of outdated legal provisions. This creates a more **conducive environment for business growth**, encouraging innovation and economic self-reliance.

Next-Generation Reforms and Task Force

PM Modi announced the formation of a **Task Force for Next-Generation Reforms**, which will evaluate all current laws, rules, and procedures related to economic activities. The Task Force will work within a set timeline to:

- Reduce **compliance costs** for startups, MSMEs, and entrepreneurs
- Provide **freedom from fear of arbitrary legal actions**
- Ensure laws are streamlined for ease of doing business

These reforms are aimed at creating a **supportive ecosystem** for innovation, entrepreneurship, and economic growth.

Next-Generation GST Reforms

PM Modi announced the introduction of **Next-Generation GST reforms by this Diwali**, aimed at reducing taxes on daily-use items. "The government will bring Next Generation GST reforms, which will bring down tax burden on the common man. It will be a Diwali gift for you," he said, ensuring that these reforms directly benefit citizens and stimulate economic activity.

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Vision for the Future

PM Modi reiterated that instead of focusing on others' limitations, India must **extend its own line of progress**. In a world of rising economic self-interest, the focus must be on **strengthening India's capabilities, expanding opportunities, and empowering citizens**. These reforms mark the beginning of an accelerated phase of governance transformation, ensuring India is more resilient, inclusive, and globally competitive.

For Press Release Click Here

Strengthening India's Banking and Digital Economy: Comprehensive PSB Reforms, MSME Credit Boost, and Explosive UPI Growth Driving Financial Discipline and Inclusion

The Government has taken various measures over the last few years to address the issues related to credit discipline, responsible lending, improved governance, adoption of technology, and proper regulation of Co-operative banks have been taken by the Government / Reserve Bank of India (RBI).

These include, inter alia, the following:

- Credit discipline has been instilled through—
    - enactment of the Insolvency and Bankruptcy Code (IBC);
    - setting up of the Central Repository of Information on Large Credits (CRILC) by RBI to monitor corporate loans and systematic checking of high-value accounts for wilful default and fraud.

- Recognition and resolution of stressed Assets – To protect financial institutions in case of default/delay in payment by large borrowers, multiple steps have been taken viz.:
    - putting in place a framework for early recognition and time-bound resolution of stress.
    - automated Early Warning Systems to detect and reduce slippage of accounts into NPAs using third-party data and workflow for time-bound remedial actions.
    - strengthening Market based mechanisms to better manage the credit risk on the balance sheets through a comprehensive framework for transfer of stressed assets to eligible transferees.
    - National Asset Reconstruction Company Limited (NARCL) has been set up to consolidate and takeover stressed debt, fragmented across various lenders and thereafter manage and dispose it off to buyers for better realisation.

- Governance Reforms in PSBs have been carried out through reforms like arms length selection of top management through Financial Services Institutions Bureau, introduction of Non-Executive chairmen in Nationalised Banks, widening talent pool and instituting performance-based extension for Managing Directors.

- Enhanced Access & Service Excellence (EASE) reforms have enabled objective and benchmarked progress on all key areas in PSBs such as governance, prudential lending, risk management, technology- and data-driven banking, and outcome-centric HR.
- Amalgamation of PSBs has led to economies of scale, increase financial capacity, technology adoption and overall efficiency enhancement.
- Massive Technology adoption in banking has been instrumental in expanding financial inclusion, improving efficiency, and enabling real-time service delivery. Digital payment transactions have grown phenomenally as a result of various initiatives viz., Jan-Dhan–Aadhaar–Mobile (JAM) linkage, interoperable Bank Mitras, Unified Payments Interface (UPI) and Direct Benefit Transfers (DBTs).
- The Banking Regulation (Amendment) Act, 2020 was brought in to enhance the governance, financial stability, and regulatory oversight of co-operative banks, which serve millions of citizens, particularly in rural and semi-urban areas.
- The Banking Laws (Amendment) Act, 2025 has been notified to enhance governance standards, strengthen protection for depositors and investors, improve audit quality in PSBs, shift statutory reporting by banks to the RBI and streamline nomination processes for customer convenience.

MSME Measures

The measures implemented to improve credit flow to Micro, Small and Medium Enterprises (MSMEs) and achievements are as under:

- Mutual Credit Guarantee Scheme for MSMEs (MCGS-MSME)- It is a government-backed initiative designed to help MSMEs access loans to grow their businesses. This scheme offers credit guarantee, making it easier for MSMEs to obtain loans, especially for purchasing essential equipment and machinery. The Scheme provides credit guarantee cover to lenders (Scheduled Commercial Banks, All India Financial Institutions, NBFCs) for their term loans up to Rs. 100 crore to MSMEs for their projects involving purchase of equipment/machinery. The Scheme has been launched recently and is valid till issue of guarantees on loans cumulating to Rs. 7 lakh crore or 4 years from the date of issue of guidelines (i.e. 27.1.2025), whichever is earlier.
- Emergency Credit Line Guarantee Scheme (ECLGS) – ECLGS provided 100% guarantee cover to Member lending Institutions (MLIs) in respect to the credit facility extended by them to eligible borrowers, including MSMEs and business enterprises for helping them meet their operational liabilities and restarting their businesses. The Scheme was valid till 31.3.2023 and provided liquidity support of Rs. 3.68 lakh crore to 1.19 crore businesses, of which loans amounting to Rs. 2.42 lakh crore have been sanctioned to 1.13 crore MSMEs under ECLGS.
- Subsequent to Union Budget 2024-25 announcement, the Union Finance Minister had launched New Credit Assessment Model for MSMEs on 06.03.2025. The model leverages the digitally fetched and verifiable data and devises automated journeys for MSME loan appraisal using objective decisioning for all loan applications and model-based limit assessment for both Existing to Bank (ETB) as well as New to Bank (NTB) MSME borrowers.

- Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), under the administrative purview of Ministry of MSME, provides guarantee cover up to 85%, for loans amounting to Rs. 10 crore or below, extended by eligible Member Lending Institution (MLIs) to Micro and Small Enterprises (MSEs). The annual guarantee fee has been reduced which ranges from 0.37% to 1.20%. As on 31.07.2025, CGTMSE has approved 1.22 crore number of cumulative guarantees worth Rs. 10.50 lakh crore.

Digital Payments

The total volume of digital payment transactions in the country has increased from 2,071 crore in FY 2017-18 to 22,831 crore in FY 2024-25, growing at a CAGR of 41%. During the same period, the value of transactions has grown from Rs. 1,962 lakh crore to Rs. 3,509 lakh crore.

Further, the total monthly volume of digital payment has increased from 1,739 crore in June 2024 to 2,099 crore in June 2025. During the same period the value of transactions has increased from Rs. 244 lakh crore in June 2024 to Rs. 264 lakh crore in June 2025.

UPI transactions, in particular, have grown from 92 crore in FY 2017-18 to 18,587 crore in FY 2024-25, with a CAGR of 114%. During the same period, the value of transactions has grown from Rs. 1.10 lakh crore to Rs. 261 lakh crore.

In July 2025, UPI reached another milestone recording over 1,946.79 crore transactions in a single month for the first time.

This information was given by Minister of State in the Ministry of Finance Shri Pankaj Chaudhary in a written reply to a question in Lok Sabha today on August 11, 2025.

For Press Release Click Here

Government Rolls Out Major Corporate Reforms to Boost MSMEs & Startups with Simplified Compliance, Lower Costs, Overseas Listing, Fast Mergers, and Streamlined Registration

The Government of India has been taking several steps towards simplifying corporate compliance burdens and reducing costs for all companies including Micro, Small, and Medium Enterprises and Startups.

The important measures taken in this regard in 2024-25 are as under:

- Direct listing of securities by Indian public companies in permissible foreign jurisdictions has been allowed. This would boost “Brand India”, increase attractiveness to growing technology sector, stimulate efficiency & growth, provide alternative source of capital and broaden investor base. The Companies (Listing of equity shares in permissible jurisdictions) Rules, 2024 were notified on 24.01.2024.

- The Ministry has carried out an amendment in the Companies (Appointment and Qualification of Directors) Rules, 2014 on 16.07.2024 (effective from 01.08.2024) to address the suggestions of stakeholders for allowing additional opportunities to update their personal mobile number/email address in the KYC database.
- An amendment was made to the Companies (Adjudication of Penalties) Rules, 2014 on 05.08.2024 (effective from 16.09.2024) to transition to a faceless adjudication mechanism to eliminate physical hearings for corporate default cases. This process has made it easier for Directors and key Managerial Persons to attend the adjudication proceedings by introducing adjudication through online VC.
- An amendment has been made in the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 on 09.09.2024 (effective from 17.09.2024). Pursuant to this amendment, merger of a holding company incorporated abroad with its wholly owned subsidiary incorporated in India would require approval of Central Government (delegated to Regional Directors). Prior to this amendment, such mergers required approval of the NCLT. This would make this process speedier and would allow NCLT to concentrate on other areas.
- The C-PACE (Centre for Processing Accelerated Corporate Exit) (C-PACE) was made operational w.e.f. 1.05.2023 under Section 242(2) of the Companies Act, 2013 for centralized and transparent processing of the matters related to voluntary closure of the companies. Vide notification No G.S.R. 475(E) dated 5th August 2024 the Ministry centralized the striking off of Limited Liability Partnerships (LLPs) by empowering the CPACE for processing of e-Forms related to striking off of LLPs as well.

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The Government of India has undertaken a number of steps to ensure the quick registration of companies and their approvals in India.

These initiatives are as under:

- A single integrated new web form called SPICe+ along with AGILE PRO-S has been deployed. This form provides eleven services related to 'starting a business' namely (i) Name Reservation, (ii) Incorporation, (iii) Permanent Account Number (PAN), (iv) Tax Deduction Account Number (TAN), (v) Director Identification Number (DIN), (vi) Employees' Provident Fund Organisation (EPFO) Registration, (vii) Employees' State Insurance Corporation (ESIC) Registration, (viii) Goods and Services Tax (GST) number, (ix) Bank Account Number, (x) Profession Tax Registration (Mumbai, Kolkata and Karnataka), (xi) Delhi Shops and Establishment Registration.
- Zero fee is now charged for incorporation of all companies with authorized capital up to Rs. 15 lakh or with up to 20 members where no share capital is applicable.
- A Central Registration Centre (CRC) has been set up for name reservation and incorporation of companies & Limited Liability Partnership (LLP).
- The LLP Incorporation Form called FiLLiP has also been integrated with Central Board of Direct Taxes (CBDT) to provide PAN/TAN at the time of Incorporation of LLP itself.

- The Central Processing Centre (CPC) was operationalized w.e.f 16.02.2024 for faster and centralised handling of various electronic e-forms filed earlier with jurisdictional ROCs under Companies Act, 2013.

The application process for startup recognition under the Startup India initiative has been streamlined and made entirely digital through an interactive Startup India portal and the National Single Window System (NSWS) making the same accessible from any part of the country. The documentation process for recognition is simplified with self-certification. Recognition handbook and tutorials have also been developed and uploaded on Startup India portal for ease of navigating recognition process. To promote startup recognition and to handhold entrepreneurs, workshops are held across States/UTs with support of State/UT nodal agencies for startups, and regional stakeholders such as incubators.

The action for amendment in Companies Act, 2013, LLP Act 2008 and Rules made thereunder is taken from time to time on the basis of inputs received from stakeholders and the recommendations of the Company Law Committee.

This information was given by the Minister of State in the Ministry of Corporate Affairs; and the Minister of State in the Ministry of Road, Transport and Highways, Shri Harsh Malhotra in a written reply to a question in Rajya Sabha today on August 12, 2025.

For Press Release Click Here

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Important Updates of the week

GSTN Introduces "Navigate to GSTR-1A" Option on GST Portal

The Goods and Services Tax Network (GSTN) has rolled out a new feature, **"Navigate to GSTR-1A"**, on the GST Portal. This option appears on the payment page of GSTR-3B, allowing taxpayers to directly move to the GSTR-1A dashboard.

As per GSTN, the **"Navigate to GSTR-1A"** button will be enabled only if the taxpayer has not yet filed their GSTR-1A or GSTR-3B. On clicking the button, users will be redirected to the GSTR-1A section, making it easier to review and make necessary amendments to outward supply details before final filing.

The update aims to enhance taxpayer convenience by streamlining navigation between return forms, thereby reducing compliance errors and improving filing efficiency.

To Know more Click Here

Advisory regarding the updation of Aggregate Annual Turnover (AATO) w.e.f. September 01, 2025

The National Informatics Centre (NIC) has issued an Advisory on August 11, 2025, regarding the updation of Aggregate Annual Turnover (AATO) with effect from September 01, 2025.

This is to inform you that the Aggregate Annual Turnover (AATO) information maintained on the NIC e-Invoice Portals (einvoice1.gst.gov.in and einvoice2.gst.gov.in) is being aligned with the turnover data computed in the GST system.

Accordingly, the AATO as per GST system records would be reflected on the NIC e-Invoice portals with effect from 1st September 2025.

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In case you notice any discrepancies in your AATO as displayed on the IRP portal after the said date, you may raise the matter by logging a ticket on the GST Grievance Redressal Portal or contacting the GST Helpdesk.

Thank you for your cooperation.

To Know more Click Here

ICAI releases important Practical Guide to GST Disputes, designed to assist taxpayers and professionals in navigating the increasing complexity of GST litigation

The Institute of Chartered Accountants of India (ICAI) has released a significant publication, *"Practical Guide to GST Disputes*," designed to assist taxpayers and professionals in navigating the increasing complexity of GST litigation.

With GST approaching its 8th anniversary on 1 July 2025, the system has streamlined India's indirect taxes but also seen a rise in disputes due to evolving interpretations, procedural challenges, and legacy practices. The soon-to-be-operational GST Appellate Tribunal (GSTAT) promises a more structured appeals process, making professional representation even more critical.

The Guide provides step-by-step insights on:

- Handling GST demands, audits, and investigations
- Preparing replies to show cause notices (SCNs) and appeals
- Litigation strategies and evidence handling
- Revisionary proceedings and appellate relief
- Ethics, integrity, and professional responsibilities for authorised representatives

It also explains taxpayers' rights under the principles of natural justice, duties of GST officers, limits on investigative powers, and key provisions from the *Bharatiya Nyaya Sanhita, 2023* and *Bharatiya Sakshya Adhiniyam, 2023* relevant to GST disputes.

ICAI President emphasised that the publication equips Chartered Accountants to provide effective representation, ensuring that taxpayers are neither overcharged nor under-assessed, while upholding the law with professionalism. Updated to 31st May 2025, the Guide reinforces ICAI's role in capacity building and promoting fair dispute resolution under GST.

Key takeaway for taxpayers:

Be aware of your rights, maintain proper documentation, and seek professional advice early in GST disputes to strengthen your position before authorities and tribunals.

To Know more Click Here

India to simplify GST: Finance Ministry proposes two-slab system with special rates only for select items

The central government has proposed a simplified two-tier GST (Goods and Services Tax) system with a 'standard' and 'merit' slab, alongside special rates for select goods, Finance Ministry announced on Friday.

The proposed GST rate overhaul will replace current slabs of 5, 12, 18, 28%. The Central Government has sent its proposal on GST rate rationalisation and reforms to the Group of Ministers (GoM) constituted by the GST Council to examine this issue. Key areas identified for next-generation reforms include the rationalisation of tax rates to benefit all sections of society, especially the common man, women, students, middle class, and farmers.

Reforms will also seek to reduce classification-related disputes, correcting inverted duty structures in specific sectors, ensuring greater rate stability, and further enhancing ease of doing business. These measures would strengthen key economic sectors, stimulate economic activity, and enable sectoral expansion.

The announcement comes after Prime Minister Narendra Modi earlier today said that the next generation reforms in GST will be unveiled by Diwali, which will provide 'substantial' tax relief to common man and benefit small and medium enterprises.

Key changes proposed by the Finance Ministry:

- **Reduction of taxes on common man items and aspirational goods:** This would enhance affordability, boost consumption, and make essential and aspirational goods more accessible to a wider population.
- **Reduction of slabs:** Essentially move towards simple tax with 2 slabs – standard and merit. Special rates only for select few items.
- **Compensation Cess:** The end of compensation cess has created fiscal space, providing greater flexibility to rationalise and align tax rates within the GST framework for long-term sustainability.
- **Inverted duty structure correction:** The correction of inverted duty structures to align input and output tax rates so that there is a reduction in the accumulation of input tax credit. This would support domestic value addition.
- **Resolving classification issues:** Resolve classification issues to streamline rate structures, minimise disputes, simplify compliance processes, and ensure greater equity and consistency across sectors.
- **Stability and Predictability:** Provide long-term clarity on rates and policy direction to build industry confidence and support better business planning.
- **Registration:** seamless, technology-driven, and time-bound, especially for small businesses and startups.
- **Return:** Implement pre-filled returns, thus reducing manual intervention and eliminating mismatches.
- **Refund:** Faster and automated processing of refunds for exporters and those with inverted duty structure.

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The government has previously said that it wants to change **GST rates** and reduce the number of brackets, referring to tax rates for different categories, under a tax regime introduced in 2017.

In 2024-25, gross GST collections hit a record Rs 22.08 lakh crore, marking a year-on-year growth of 9.4 per cent. This rise reflects the growing formalisation of the economy and improved tax compliance.

GST, which subsumed a host of taxes and local levies, was rolled out on July 1, 2017.

To Know more Click Here

HP seeks separate e-way bill for tracking of narcotic substances under GST

In a move to curb the growing menace of drug abuse and prevent the diversion of narcotic substances from the pharma companies, the Himachal Pradesh government seeks separate e-way bill for tracking of narcotic substances under GST.

This move is aimed at enhancing traceability. The state government has formally approached the GST Council, seeking the introduction of a dedicated e-way bill mechanism specifically for narcotic drugs and psychotropic substances. This step is expected to enable real-time monitoring of their movement across the supply chain, thereby tightening control at every stage.

The state government has constituted a committee under the chairmanship of the Sub-Divisional Magistrate (SDM) to oversee operations of licensed pharmaceutical companies dealing in narcotic formulations.

A spokesperson of the state government on Saturday said that the committee under the chairmanship of the SDM will include officers from the Excise department, Police and Drug Control Authority and would be tasked with ensuring compliance with regulatory norms and preventing misuse of narcotic substances.

In addition, the Department of State Taxes and Excise has imposed quantity restrictions on the handling of narcotic drugs by license holders. This measure is intended to minimise the risk of excess stock being diverted for illegal use.

The spokesperson further added that the government was currently revising the Narcotic Drugs and Psychotropic Substances (NDPS) Rules, 1989 and updating the Integrated Drug Prevention Policy, aiming to strengthen the overall legal and administrative framework for drug control in the state.

“This fight is not just about laws, rules and regulations, it is about saving lives and protecting our future generations. My government will act decisively and without compromise. Together, with the support of the people of the state, we will build a Himachal free from the grip of drugs,” chief minister Sukhvinder Singh Sukhu said.

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Supreme Court stays ₹273.5 crore GST notice against Patanjali Ayurved

In a relief to yoga guru Ramdev-founded Patanjali Ayurved Ltd, the Supreme Court on Thursday stayed the recovery of a ₹273.5 crore goods and services tax (GST) penalty imposed on the consumer goods company by the Directorate General of GST Intelligence (DGGI).

A bench of Justices P.S. Narasimha and A.S. Chandurkar issued notices to the Union government and DGGI on Patanjali's appeal, directing that the penalty be stayed until further orders.

The court also agreed to examine the Allahabad High Court's ruling that had upheld the levy.

The case stems from DGGI receiving information about alleged suspicious tax credit claims and fake invoicing involving companies supplying goods to Patanjali's manufacturing units in Uttarakhand, Haryana, and Maharashtra.

Investigators alleged that Patanjali issued invoices without actually supplying goods and had wrongly claimed input tax credit (ITC), amounting to tax evasion.

On 19 April 2024, DGGI issued a tax show-cause notice proposing penalties of about ₹273.5 crore under Section 122 of the Central Goods and Services Tax Act for alleged offences during the tax period of April 2018 to March 2022.

A separate tax demand was raised under Section 74, which deals with recovery of unpaid tax in fraud cases.

In January this year, the department dropped the Section 74 tax demand for Patanjali's Uttarakhand unit after scrutiny revealed that the transactions were genuine, sales exceeded purchases, and input tax credit had been properly passed on. Authorities found no substantial reason to hold that tax was evaded or ITC was wrongly availed.

However, the department continued with the ₹273.5 crore penalty under Section 122, which penalises GST violations such as issuing fake invoices, even if no tax is due.

Patanjali challenged the penalty in the Allahabad High Court, arguing that Section 122 penalties were criminal in nature and could only be imposed after a criminal trial, and that the penalties could not stand once the Section 74 proceedings were dropped.

On 29 May 2025, the High Court dismissed the plea, ruling that such penalties are civil in nature, can be imposed by GST officers, and deal with violations different from those under Section 74.

Patanjali then moved the Supreme Court, arguing it was unfair to continue the penalty when the main tax case had been cancelled, and questioning both the scope of Section 122 and the powers of GST officers to impose such penalties.

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The apex court has now granted interim relief by staying the show-cause notice until the matter is heard in detail.

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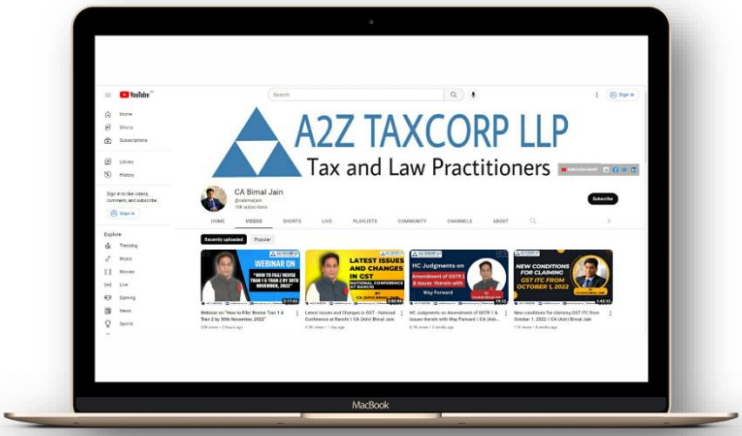
Videos of the Week



When GSTAT will start - Explained for Clarity | No More Confusion | CA (Adv) Bimal Jain

You can access the video on **"When GSTAT will start - Explained for Clarity | No More Confusion | CA (Adv) Bimal Jain"** at following link: https://www.youtube.com/watch?v=uHC-873Egzw

Whether issuance of Summary Show Cause Notice (SCN) vide DRC-01 under GST is sufficient || CA (Adv) Bimal Jain

You can access the video on **"Whether issuance of Summary Show Cause Notice (SCN) vide DRC-01 under GST is sufficient || CA (Adv) Bimal Jain"** at following link: https://www.youtube.com/shorts/wzQYNrQGQBE

PODCAST on the New Income-tax Bill, 2025 - EPISODE 1: Why replace the Income-tax Act, 1961?

You can access the video on **PODCAST on the New Income-tax Bill, 2025 - EPISODE 1: Why replace the Income-tax Act, 1961? || CA (Adv) Bimal Jain"** at following link: https://www.youtube.com/shorts/NnwWNeCkHO0

Panel Discussion at @NEWS9LIVE | Massive GST Reform Roadmap | Slab Cuts, Compliance Ease & More

You can access the video on **Panel Discussion at @NEWS9LIVE | Massive GST Reform Roadmap | Slab Cuts, Compliance Ease & More"** at following link: https://www.youtube.com/watch?v=v0FtcCqtdKE

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GST Poll

Poll of the week

Q. While supplying gold chain to the customer, supplier charges 25,000 for 10 gm Gold and 2,000 Making Charges. Whether this is an example of mixed supply or composite supply.

Option A – It's a Mixed Supply **(35%)**	Option B – It's a Composite Supply **(65%)**

Ans. This is an example of composite supply and tax rate would be charged that of jewellery and not separately for gold and making charges.

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Customs & DGFT etc,

Important Notifications, Circulars of the week

Tariff Notification No. 50/2025-Customs (N.T.) in respect of Fixation of Tariff Value for Edible Oils, Brass Scrap, Areca Nut, Gold and Silver

The CBIC issued ***Instruction No. 25/2025-Customs dated August 06, 2025***, updates the list of authorized officers under Section 25 and 47(5) of the FSS Act, 2006 and Regulation 13(1) of FSS (Import) Regulations, 2017. FSSAI has added six new Points of Entry for food imports, bringing the total to 165. These include locations in Assam, Tamil Nadu, Chhattisgarh, Gujarat, and Odisha. Officers are directed to inform their jurisdictions accordingly. This instruction modifies Instruction No. 17/2024-Customs dated July 5, 2024.

In exercise of the powers conferred by sub-section (2) of section 14 of the Customs Act, 1962 (52 of 1962), the Central Board of Indirect Taxes & Customs, being satisfied that it is necessary and expedient to do so, hereby makes the following amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 36/2001-Customs (N.T.), dated the 3rd August, 2001, published in the Gazette of India, Extraordinary, Part-II, Section-3, Sub-section (ii), vide number S. O. 748 (E), dated the 3rd August, 2001, namely:-

In the said notification, for TABLE-1, TABLE-2, and TABLE-3 the following Tables shall be substituted, namely: -

"TABLE-1

Sl. No.	Chapter/ heading/ sub-heading/tariff item	Description of goods	Tariff value (US $Per Metric Tonne)

(1)	(2)	(3)	(4)
1	1511 10 00	Crude Palm Oil	1030
2	1511 90 10	RBD Palm Oil	1050
3	1511 90 90	Others – Palm Oil	1040
4	1511 10 00	Crude Palmolein	1056
5	1511 90 20	RBD Palmolein	1059
6	1511 90 90	Others – Palmolein	1058
7	1507 10 00	Crude Soya bean Oil	1134
8	7404 00 22	Brass Scrap (all grades)	5542

TABLE-2

Sl. No.	Chapter/ heading/ sub-heading/tariff item	Description of goods	Tariff value (US $)
(1)	(2)	(3)	(4)
1.	71 or 98	Gold, in any form, in respect of which the benefit of entries at serial number 356 of the Notification No. 50/2017-Customs dated 30.06.2017 is availed	1083 per 10 grams
2.	71 or 98	Silver, in any form, in respect of which the benefit of entries at serial number 357 of the Notification No. 50/2017-Customs dated 30.06.2017 is availed	1246 per kilogram

3.	71	(i) Silver, in any form, other than medallions and silver coins having silver content not below 99.9% or semi-manufactured forms of silver falling under sub-heading 7106 92; (ii) Medallions and silver coins having silver content not below 99.9% or semi-manufactured forms of silver falling under sub-heading 7106 92, other than imports of such goods through post, courier or baggage. Explanation. - For the purposes of this entry, silver in any form shall not include foreign currency coins, jewellery made of silver or articles made of silver.	1246 per kilogram
4.	71	(i) Gold bars, other than tola bars, bearing manufacturer's or refiner's engraved serial number and weight expressed in metric units; (ii) Gold coins having gold content not below 99.5% and gold findings, other than imports of such goods through post, courier or baggage. Explanation. - For the purposes of this entry, "gold findings" means a small component such as hook, clasp, clamp, pin, catch, screw back used to hold the whole or a part of a piece of Jewellery in place.	1083 per 10 grams

TABLE-3

Sl. No.	**Chapter/ heading/ sub-heading/tariff item**	**Description of goods**	**Tariff value (US $ Per Metric Ton)**
(1)	(2)	(3)	(4)
1	080280	Areca nuts	7463"

This notification shall come into force with effect from the 15th day of August, 2025.

Note: - The principal notification was published in the Gazette of India, Extraordinary, Part-II, Section-3, Sub-section (ii), vide Notification No. 36/2001–Customs (N.T.), dated the 3rd August, 2001, vide number S. O. 748 (E), dated the 3rd August, 2001 and was last amended vide Notification No. 49/2025-Customs (N.T.), dated the 31st July 2025 e-published in the Gazette of India, Extraordinary, Part-II, Section-3, Sub-section (ii), vide number S.O. 3540 (E), dated 31st July 2025.

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India Imposes Port Restrictions on Jute Product Imports from Bangladesh

The Directorate General of Foreign Trade (DGFT) has issued ***Notification No. 24/2025-26 on August 11, 2025***, imposing new port restrictions on the import of specific jute and textile bast fibre products from Bangladesh.

Under the revised rules, imports of bleached/unbleached woven fabrics of jute or other textile bast fibres, jute twine/cordage/rope, and jute sacks and bags will no longer be permitted through any land port on the India-Bangladesh border. These goods can now enter India only via the Nhava Sheva Seaport.

The move, aimed at regulating trade flows, takes immediate effect and supplements earlier DGFT notifications issued on May 17 and June 27, 2025. Other provisions of the previous notifications remain unchanged.

In exercise of powers conferred by Section 3 read with Section 5 of Foreign Trade (Development & Regulation) Act, 1992, read with paragraph 1.02 and 2.01 of the Foreign Trade Policy (FTP) 2023, as amended from time to time, and in continuation to DGFT Notification No. 07/2025-26 dated 17.05.2025 and Notification No. 21/2025-26 dated 27.06.2025, the Central Government hereby additionally insert the following ITC HS Codes under sub-para 2 of Para 19 (1), below Sl. No. (ix) to General Notes Regarding Import Policy under ITC (HS), 2022 Schedule 1 (Import Policy), with immediate effect:

Sl. No.	HS Code	Item Description	Import Policy / Port restriction
(x)	531090	Bleached and unbleached woven fabrics of Jute or of other textile bast fibre.	Imports from Bangladesh shall not be allowed from any land port on the India-Bangladesh Border. However, it is allowed only through the Nhava Sheva Seaport.

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(xi)	560890	Twine, cordage, rope, etc. of Jute	Same as above
(xii)	560790	Twine, cordage, rope, etc., of Jute	Same as above
(xiii)	630510	Sacks and bags of Jute	Same as above

Other terms and conditions of Notification No. 21/2025-26 dated 27.06.2025 shall remain in force without change.

Effect of the Notification:

Import of certain goods from Bangladesh to India is regulated with immediate effect.

For Notification Click Here

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Income Tax

Important Notifications, Circulars of the week

Govt Grants Tax Exemption to Parambikulam Tiger Conservation Foundation

The Ministry of Finance, Department of Revenue vide ***Notification No. 131/2025 dated August 12, 2025*** has granted tax exemption under clause (46) of Section 10 of the Income-tax Act, 1961, to the **Parambikulam Tiger Conservation Foundation** (PAN: AADTP9665M), a trust established by the Government of Kerala.

According to the Notification, the exemption applies to specified income sources of the foundation, including:

- Fees from check post entry, visitor accommodation, inspection bungalows, eco-tourism packages, and canteen rent.
- License fees from the Tamil Nadu Government for forest land leased under the Parambikulam-Aliyar Project.
- Sale proceeds from forest produce through ECO shops or its website.
- Grants from government departments and NGOs.
- Prize money from awards.
- Interest on bank deposits.

The exemption is subject to conditions that the foundation shall not engage in commercial activity, maintain the nature of its specified income, and file returns as per Section 139(4C)(g) of the Act.

This notification applies retrospectively for Assessment Years 2022-23 to 2025-26 (Financial Years 2021-22 to 2024-25) and will also cover AY 2026-27 (FY 2025-26).

The government clarified that no person is adversely affected by this retrospective application.

For Notification [Click Here]

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Important Updates of the week

Net direct tax collections fall 4% to ₹6.64 lakh crore this fiscal on higher refunds

Net direct tax collection dipped 3.95 per cent to ₹6.64 lakh crore so far this fiscal, mainly on account on higher refunds, according to government data released on Tuesday.

Direct tax includes taxes on income paid by companies, individuals, and by professionals, and other entities.

Net corporate tax collection stood at about ₹2.29 lakh crore, while non-corporate tax (which includes individuals, Hindu Undivided Families (HUFs) and firms) was at ₹4.12 lakh crore. Securities Transaction Tax (STT) mop-up was ₹22,362 crore between April 1-August 11.

Total net collections stood at about ₹6.64 lakh crore, a 3.95 per cent fall over ₹6.91 lakh crore collected in the same period last fiscal (2024-25).

Refunds issued so far this fiscal jumped 10 per cent to ₹1.35 lakh crore.

Gross collections (before refunds) stood at ₹7.99 lakh crore between April 1-August 11, a 1.87 per cent dip over ₹8.14 lakh crore in the year-ago period.

In the current fiscal (2025-26), the government has projected its direct tax collection at ₹25.20 lakh crore, up 12.7 per cent year-on-year. The government aims to collect ₹78,000 crore from STT in FY26.

To Know more Click Here

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Facility to File Updated Returns for AY 2021–22 & 2022–23 (ITR-3 & ITR-4) Now Available

The Income Tax Department of India has enabled the facility for filing Updated Returns for Assessment Years 2021–22 and 2022–23 for taxpayers using ITR-3 and ITR-4 forms. Eligible taxpayers can now submit their updated returns through the official Income Tax e-filing portal at: https://www.incometax.gov.in/iec/foportal/. This update offers an opportunity for corrections and compliance for past assessment years.

To Know more Click Here

ITR-6 Excel Utility for AY 2025–26 Now Live on Income Tax Portal

The Income Tax Department has announced that the Excel Utility for **ITR-6** for **Assessment Year 2025–26** is now live and available for filing.

Taxpayers can access and download the utility via the official Income Tax e-filing portal at: https://www.incometax.gov.in/iec/foportal/.

This update facilitates timely compliance for companies required to file ITR-6.

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News Flash

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Abbreviations		
1.	GST	Goods and Services Tax
2.	CGST	Central Goods and Services Tax
3.	IGST	Integrated Goods and Services Tax
4.	CGST Act	Central Goods and Services Tax Act, 2017
5.	CGST Rules	Central Goods and Services Tax Rules, 2017
6.	IGST Act	Integrated Goods and Services Tax Act, 2017
7.	IGST Rules	Integrated Goods and Services Tax Rules, 2017
8.	ITC	Input Tax Credit
9.	RCM	Reverse Charge Mechanism
10.	Customs Act	Customs Act, 1956
11.	IT Act	Income Tax Act, 1961
12.	IT Rules	Income Tax Rules, 1962
13.	CBIC	Central Board of Indirect Taxes
14.	CBDT	Central Board of Direct Taxes

A2Z TAXCORP LLP
Tax and Law Practitioners

Thank You

About us:

A2Z Taxcorp LLP is a boutique Indirect Tax firm having its offices at New Delhi and Guwahati specializing in GST, Central Excise, Custom, Service Tax, VAT, DGFT, Foreign Trade Policy, SEZ, EOU, Export – Import Laws, Free Trade Policy, etc. It is a professionally managed firm having a team of experienced and distinguished Chartered Accountants, Company Secretary, Lawyers, Corporate Financial Advisors and Tax consultants to provide various services like litigation and representation, transaction advisory, diagnostic reviews/ health checks, audit defense & protection, retainership & compliance, configuration of tax efficient business model etc. Its clientele consists mainly of Foreign MNC, large/mid-sized Indian companies which includes exporters, FMCG, consumer durables, automobiles, aerated beverages, ceramic tiles, real-estate, hospitality, etc.

Thanks & Best Regards,

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